

Accounts Payable Department

The main objective of the Accounts Payable Department is to review, process, and maintain all (majority) documentation related to a check processed by Mercer University with the exception of Payroll checks.

Based on a new IRS ruling (Revenue Ruling 2006-56), Accounts Payable must ensure that Mercer University's employee accountable plan requires the following:

- There must be a business connection and the expense is reasonable.
- There must be an adequate accounting for the expense within a reasonable period of time.
- All excess reimbursements must be repaid in a reasonable time.

Without the items listed above, reimbursements would be determined as wages subject to tax withholding. Based on the ruling, Mercer University has developed the following policies and procedures for the employee accountable plan.

As entering mail comes in for the department the Accounts Payable Assistants will date stamp incoming invoices and payment requests.

In order to generate a check there must be an invoice matching an approved purchase order or the Mercer University approved forms (Request for Payment, Travel Advance Form, and Travel Reconciliation Form) with proper documentation.

Travel Advance Forms and the Travel Reconciliation Forms related to a travel advance are submitted to the FRS Systems Accountant to approve and process. Travel Advances should be requested no more than 30 days prior to the trip and must be reconciled within 30 days of the end of travel. There can only be one outstanding travel advance per employee.

Request for Payments to Mercer University Business Cards (Not Purchasing Cards) are submitted to Accounts Payable. Mercer University Business Cards should not be used to set up automatic reoccurring monthly charges or personal expenses. Mercer University is not responsible for late or finance charges. Checks should be submitted to Accounts Payable with the Request for Payment to cover any late or finance charges.

Forms submitted for payment to a 4xxxxx or 5xxxxx grant account must be approved by the Director of Grants and Contracts by initialing in red. Forms submitted for payment to a 5xxxxx account must be approved by the FRS Systems Accountant by initialing in red.

If the invoice is received for an approved purchase order and matches the purchase order, the request is processed without the following listed below since all approvals have occurred and proper documentation is provided.

Once the proper request has been submitted, the Director of Accounts Payable will review each request form and verify that the following is included:

- *Original detailed receipts for all purchases (If travel is not related to a grant/contract, receipts for meals \$25 and under do not have to be attached but are requested if possible.).*
- *No sales tax has been paid (if applicable).*
- *The account charged has available funding/budget (This can vary based on expected funding for donor accounts.).*
- *The purchase was an allowable expense by University policies.*
- *The reimbursement form (Travel/Request for Payment/Travel Advance) is approved by the appropriate person (This approval provides assurance that there is a business connection and the expense was required.).*
- *The Travel form has proper documentation for mileage and other reimbursement in accordance with IRS guidelines for accountable plans.*
- *Expenses will be recognized when goods or services are received. Any expenses that benefit or cross several accounting periods will be allocated to the relevant fiscal year.*

The Director of Accounts Payable will then initial in red the approval for the Accounts Payable Assistants to process the request if all mentioned above is included. In the event that the request is not correctly calculated, the form will be adjusted to the correct amount by the Director of Accounts Payable or appropriate person and then sent to the Accounts Payable Assistants to process. In the event there is no funding, insufficient documentation, or missing approvals, the form will be returned to the department for completion/correction.

The Accounts Payable Assistant and the Director of Accounts Payable will not process the payment without the red initial approval of the appropriate person (Director of Grants and Contracts, FRS Systems Accountant, or the back up).

Checks are printed weekly or daily if needed. The Director of Accounts Payable and the Accounts Payable Assistants will match check copies with the internal documentation requested. The actual check will be mailed out or sent directly to the department. This will vary based on each request.

In the event that the Director of Accounts Payable is unavailable the Treasurer has the ability to approve.

W-9 forms are required for new vendors established prior to payment. W-9 forms are used to validate tax identification numbers.

One other function of the Accounts Payable Department is to submit the annual 1099's to the required vendor and to submit an annual file to the Internal Revenue Service. As part of the review of any check request the Director of Accounts Payable will code a vendor in the system as a "1099 Vendor". At the end of the calendar year, the Director of

Accounts Payable will receive a file which will include all payments to vendors coded "1099 vendors". This file is adjusted by the Director of Accounts Payable for any payments that should not be included in the 1099 file. After all adjustments the 1099 file is submitted to the IRS by January 31st each year.

1099's are reported to the IRS if the following four conditions are met:

- You made the payment to someone who is not your employee;
 - You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
 - You made the payment to an individual, partnership, estate, or, in some cases, a corporation; and
 - You made payments to the payee of at least \$600 during the year.
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- Those that have access to key in Accounts Payable excluding Payroll and Benefit transactions are

Deborah Gallmon
Robin Woodard
Barbara Short

- Copies of approved forms are on the Accounting web site

In the event a manual check is required, the Director of Accounts Payable will request a check from the Treasurer. The manual check stock is stored in the Office of the Treasurer along with an activity log. The activity log requires certain information prior to using the manual check. The Director of Accounts Payable will review check stock on a quarterly basis to ensure that all checks used have proper information on the check log and that certain blocks as sampled are not missing any checks. As part of the manual check process, two signatures are required on the check. If two signature authorities (Executive VP for Administration and Finance, Treasurer, and Associate VP for Payroll and Benefits) are not available, signature plates can be used. These signature plates are stored in a safe with access limited to the Gift Accounting Bookkeeper, and the Payroll Administrator. Approval of the use of the signature plates can be given by the Director of Accounts Payable, Treasurer, and the Associate VP for Payroll and Benefits. As employee transition occurs the Fixed Asset Accountant will be responsible for changing the combination to the safe storing the signature plates.

All prior year Accounts Payable files in storage will be securely locked. Key access to these files must be given by the Director of Accounts Payable.